



# The Real Estate ANALYST

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1940

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Editor

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies....Surveys....Forecasts

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VOLUME IX

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

It was the intention of the Real Estate Analysts to include in this issue a study of the mortgage problem. The study, however, has grown too long for the space available, and so it will appear as a special Mortgage Bulletin to be sent you within the next two weeks.

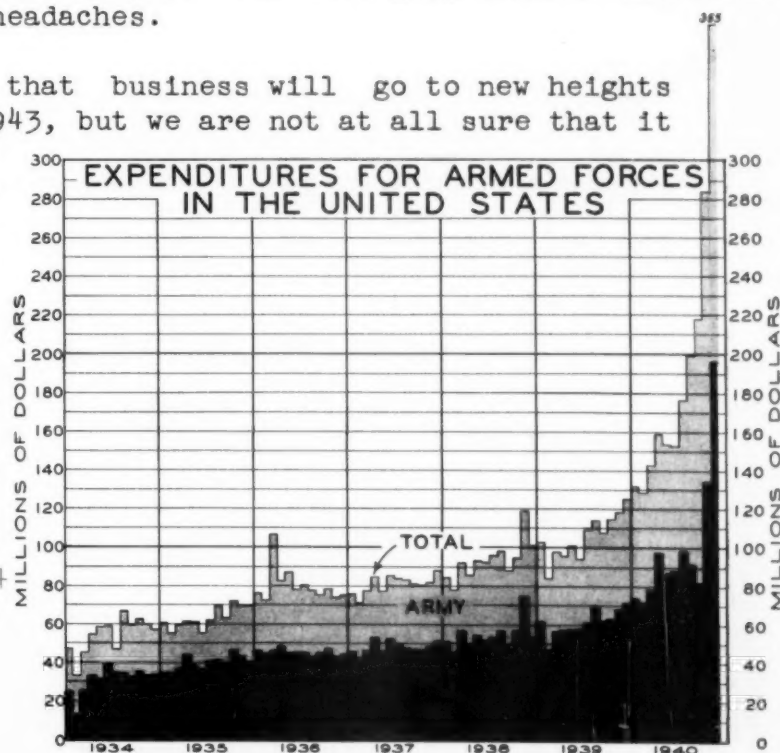
## DEFENSE EXPENDITURES ARE INCREASING

THE chart at the bottom of the page shows the rapidity with which the armament program is being turned into dollars in the United States. Probably the increase is not rapid enough in view of the apparent nearness to war, but it is fast enough to be reflected very strikingly in the volume of business being done in many cities of the United States.

Initially these expenditures affect primarily the manufacturers of actual war materials and their employees, together with those producing the necessary raw materials. However, there is not a long lag between this immediate effect and the secondary effect caused by the larger incomes of these employees, who increase their expenditures for all types of durable and consumption goods.

During the period in which these expenditures are being made it is possible to develop quite a spree, but it is quite essential during this period of exhilaration to remember the inevitability of "the cold grey dawn of the morning after" with its accompanying headaches.

We are inclined to believe that business will go to new heights during 1941, 1942 and probably 1943, but we are not at all sure that it will not go to new depths in the later forties. The table on page 290 brings up to date our study of the building cost of a standard six-room frame residence. In July it cost \$6004 to build this house; in December, \$6786. This is an increase of 13% in the last five months, in contrast with an increase of 11.2% in the twelve months of the second year of the first World War. It should also be remembered that from 1915 to 1920 the cost of building this house doubled.



# BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS

The chart on page 197 shows the variations in the costs of materials, labor and overhead for a six-room frame residence in St. Louis. Floor plans and a picture of the house are shown with the chart. Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the

## Group A:

- (1) Mason Materials: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining. Labor.
- (2) Tile Materials:  $\frac{1}{2}$  x  $\frac{1}{2}$  wall tile, ceramic floor tile, cap and base. Labor.
- (3) TOTAL OF GROUP A: Materials. Labor.
- Group B:
- (4) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc. Labor.
- (5) Finished Lumber: Sub-flooring, sheathing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters etc. Labor.
- (6) Mill Work: Windows, doors, trim, kitchen cabinet, stairs.

## Group C:

- (7) TOTAL OF GROUP B: Materials. Labor.
- (8) Heating: Boiler, insulating jackets, fittings, tools, pipes, connections, valves and radiation. Labor.
- (9) Plumbing: Soil Pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures; hot water heater and tank to be furnished by others. Labor.
- (10) TOTAL OF GROUP C: Materials. Labor.
- Group D:
- (11) Sheet Metal: Copper gutters, downspouts, flashing. Labor.
- (12) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer etc. No fixtures included. Labor.
- (13) Nails and Hardware: Common and wire nails, bolts, damper,

## Group E:

- (14) Paint Materials: White lead, linseed oil, turpentine. Labor.
- (15) Misc.: Metal & wood lath, corner bead, insulation. Labor.
- (16) TOTAL OF GROUP D: Materials. Labor.
- (17) TOTAL COSTS: Materials. Labor.
- Group E:
- (18) Overhead and profit of subcontractors in plastering, heating, plumbing, metal work, electrical work and tile work.
- (19) General contractor's profit.
- (20) Missouri sales tax (now 2% on materials), old age and unemployment insurance, fire and tornado insurance, completion bond.
- (21) TOTAL OF GROUP E.
- (22) TOTAL CONSTRUCTION COST.

YEAR	GROUP A			GROUP B			GROUP C			GROUP D			GROUP E			TOTAL																	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	TOTAL	(11)	(12)	(13)	(14)	(15)		(16)	TOTAL	(18)	(19)	(20)	(21)	TOTAL										
1913	\$343	\$388	\$24	\$13	\$367	\$401	\$218	\$101	\$428	\$134	\$250	\$121	\$996	\$256	\$152	\$136	\$122	\$136	\$49	\$16	\$59	\$64	\$51	\$18	\$227	\$142	\$1973	\$1144	\$248	\$337	\$132	\$716	\$2833
1914	362	388	24	13	386	401	212	101	425	134	349	121	976	356	147	136	124	136	49	16	59	64	50	18	216	142	1973	1144	248	337	132	716	3833
1915	360	388	24	13	384	401	189	108	423	145	329	131	891	385	138	144	124	136	49	16	64	69	48	19	235	153	1911	1199	257	337	135	729	3839
1916	366	396	24	13	390	408	224	108	438	145	363	131	1025	385	203	144	124	136	49	16	86	69	59	19	293	153	2250	1206	325	375	142	812	4269
1917	456	413	25	14	481	426	258	109	500	146	396	138	1154	387	244	152	124	136	49	16	110	69	69	19	372	156	2610	1243	325	418	152	896	4749
1918	539	421	25	15	564	436	292	118	570	158	449	143	1311	420	322	152	124	136	49	16	118	75	73	21	368	165	2924	1296	346	457	163	965	5185
1919	624	453	25	15	649	469	519	129	1008	170	729	134	2256	452	290	160	144	136	49	16	113	81	112	23	384	176	3928	1386	342	566	187	1095	6409
1920	742	463	28	17	770	480	607	183	1189	243	803	220	2825	446	305	184	136	136	49	16	143	116	132	32	440	235	4713	1695	366	677	227	1270	7678
1921	674	501	25	18	699	519	479	183	920	250	806	225	2805	463	273	192	160	136	136	49	94	119	104	33	423	243	3664	1772	372	581	215	1168	6604
1922	609	506	25	18	654	524	362	174	703	232	571	209	1636	615	258	204	136	136	49	16	79	111	81	31	287	235	3248	1744	370	536	205	1111	6102
1923	633	576	25	21	658	597	410	200	793	268	551	242	1754	711	267	227	136	136	49	16	94	126	90	36	300	268	3429	1987	407	582	228	1218	6624
1924	618	703	251	108	869	811	401	246	779	328	492	246	1672	870	274	277	136	136	49	16	94	126	90	36	300	268	3429	1987	407	582	228	1218	6624
1925	606	684	251	108	857	791	375	251	732	335	472	202	1579	888	273	255	136	136	49	16	89	159	83	45	314	325	3401	2466	508	638	277	1413	7280
1926	566	653	251	108	817	760	379	240	732	320	432	288	1543	848	264	244	136	136	49	16	86	152	83	43	310	310	3316	2349	499	617	254	1370	7045
1927	565	621	251	108	816	729	354	228	715	304	358	275	1427	808	251	184	136	136	49	16	84	145	80	41	301	277	3190	2157	469	582	237	1288	6635
1928	563	541	208	97	771	639	405	184	644	244	377	220	1427	648	261	184	136	136	49	16	85	116	74	32	300	277	3141	1858	433	544	213	1194	6194
1929	565	541	185	97	750	639	360	184	687	244	384	220	1431	648	270	184	136	136	49	16	85	116	74	32	300	277	3141	1858	433	544	213	1194	6194
1930	474	422	185	97	659	519	340	135	655	181	312	164	1307	481	251	140	136	136	49	16	72	87	211	24	488	177	2984	1431	380	479	175	1034	5449
1931	411	342	155	57	566	400	313	108	594	145	254	131	1161	385	226	112	136	136	49	16	61	70	198	39	380	161	2655	1150	317	412	146	875	4680
1932	438	342	139	51	577	394	268	108	532	145	269	131	1069	385	226	112	136	136	49	16	60	70	199	39	380	161	2507	1143	295	395	142	832	4482
1933	457	342	130	51	587	394	355	108	562	145	344	131	1261	385	208	112	136	136	49	16	54	70	214	39	374	161	2700	1143	291	413	146	850	4633
1934	540	342	122	51	662	394	439	108	715	145	494	131	1646	385	234	112	136	136	49	16	63	70	222	39	396	161	3217	1143	299	466	154	913	5279
1935	508	422	111	67	619	483	399	135	638	181	523	164	1500	481	236	140	136	136	49	16	62	87	229	47	384	200	3091	1423	300	481	174	956	5463
1936	506	490	111	67	617	457	364	159	655	209	494	188	1513	557	255	160	136	136	49	16	59	98	221	53	385	228	3071	1633	344	505	239	1087	5791
1937	508	508	111	67	618	457	364	186	688	245	539	221	1591	653	239	160	136	136	49	16	64	104	227	53	410	237	3167	1758	355	528	289	1172	6037
1938	503	508	111	67	618	457	423	186	763	245	591	221	1777	653	246	160	136	136	49	16	64	104	227	53	407	237	3379	1758	360	550	295	1205	6342
1939	500	519	111	67	611	586	423	186	772	245	592	221	1787	653	250	160	136	136	49	16	64	104	227	53	404	237	3384	1795	376	556	292	1264	6423
1940	500	510	111	67	611	577	369	184	745	244	592	221	1706	649	255	160	136	136	49	16	65	104	223	53	392	236	3294	1756	360	541	324	1225	6274
1941	500	428	103	67	603	495	369	162	693	210	591	189	1653	561	255	160	136	136	49	16	68	88	223	42	394	207	3218	1557	344	512	311	1171	5946
1942	500	428	103	67	603	495	343	162	633	210	592	189	1568	561	231	160	136	136	49	16	68	88	222	42	387	207	3034	1557	335	430	310	1135	5786
1943	516	428	103	67	619	495	343	162	631	210	549	169	1523	549	236	140	136	136	49	16	64	116	191	61	356	253	3048	1536	328	489	301	1113	5703
1944	516	417	103	67	619	483	343	142	631	185	550	167	1524	494	239	160	136	136	49	16	64	88	221	42	387	205	3052	1476	326	484	296	1106	5534
1945	515	417	103	67	618	494	353	142	642	185	595	167	1520	494	239	160	136	136	49	16	64	88	192	42	360	205	3031	1487	323	482	297	1107	5415
1946	510	561	103	67	613	638	345	164	644	219	509	198	1498	581	239	160	136	136	49	16	64	116	192	61	359	253	2976	1766	343	507	323	1184	5926
1947	516	561	103	67	619	638	346	164	639	219	508	198	1493	581	239	160	136	136	49	16	64	116	191	61	356	253	2976	1763	346	507	323	1182	5923
1948	510	561	103	67	613	638	395	164	713	219	509	198	1617	581	239	160	136	136	49	16	65	116	193	61	369	253	3123	1765	353	522	335	1209	6036
1949	510	538	103	67	613	614	374	158	679	215	567	195	1600	567	236	160	136	136	49	16	65	93	193	61	378	229	3108	1702	352	516	327	1194	6005
1950	510	538	103	67	613	614	371	158	651	215	566	195	1588	567	236	160	136	136	49	16	65	93	193	61	378	229	3108	1702	352	516	327	1194	6005
1951	510	556	103	67	613	633	415	158	735	215	604	195	1754	567	236	160	136	136	49	16	66	93	201	69	390	236	3368	1758	361	540	341	1242	6274
1952	510	556	145	77	655	633	448	158	736	215	604	195	1788	567	236	160	136	136	49	16	66	93	195	69	385	236	3368	1758	379	551	345	1274	6400
1953	510	542	145	86	655	628	494	162	763	218	628	197	1885	576	254	160	136	136	49	16	66	93	203	75	395	242	3483	1768	385	564	351	1305	6

## BUSINESS CONDITION INDEXES BY CITIES

IN December 1938 Real Estate Analysts, Inc., started working on a series of business indexes for all principal cities of the United States, based on the volume of check transactions. At that time we published charts on 90 cities month by month, from 1933 on.

In the study in this report we have carried these figures back in each city to the year 1919 and have computed a normal line on all the data that appear in this study. All figures have been adjusted for a seasonal fluctuation and are expressed as percentages above or below this normal. The percentages above normal are shown by the black areas on the chart; the percentages below normal, by the red areas.

The large chart in the upper left hand corner of the spread shows the average of all the cities charted, with the exception of those in which peculiar conditions have clearly destroyed the effectiveness of check transactions as an index of business conditions. These places are primarily state capitals where check transactions have been swollen by government payments of various types that have cleared through the local clearing house. We have marked all state capitals on these charts with a red dot following the name of the city. We think that Albany forms a very good example of these unusual cities. Apparently since 1933 government payments clearing through Albany have distorted our curve to the point where it is of very little value.

One factor that must be taken into consideration in the use of check transaction figures as a business index over a long period is that the dollar total of check transactions each month is affected by the changes in general prices, necessitating a larger or smaller dollar volume of checks to do the same volume of business. This will be noticed particularly on some of the charts in the years 1919 and 1920, when general prices were rising rapidly. In order to make mental adjustments easier in studying the charts for individual cities, we have charted in the upper right hand corner of the spread both wholesale commodity prices and the cost of living since 1919.

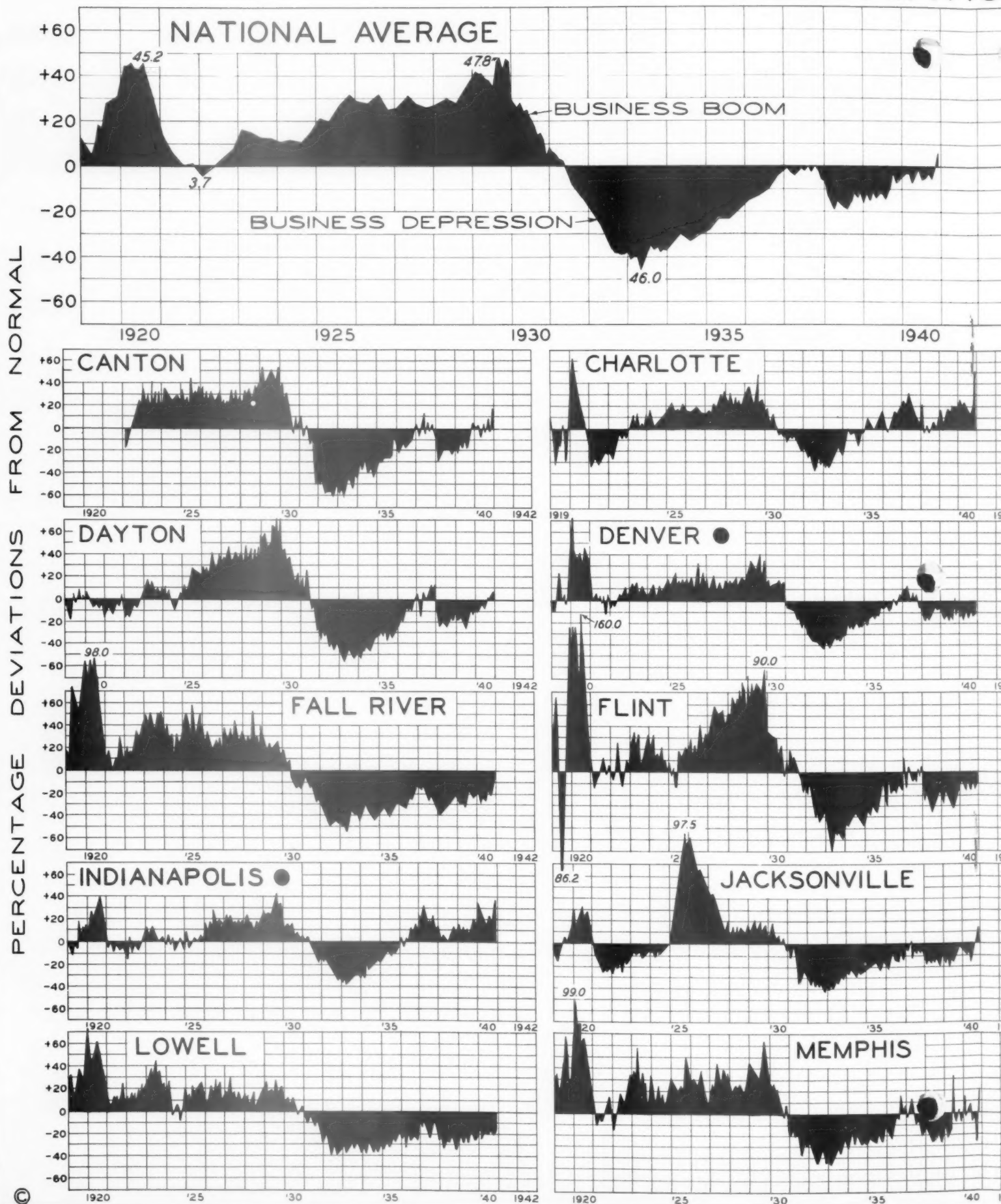
Of the 90 cities which are charted in this report we believe that 81 are represented rather accurately by the charts as shown. Those which we believe to be badly warped by unusual conditions are Albany, Atlanta, Columbus, Des Moines, Hartford, Indianapolis, Sacramento, and Trenton, all state capitals. Some of the other state capitals in our list, however, probably because of government payments through other banks, do not appear to be greatly affected. Cities in this group would be Richmond and Little Rock.

The indexes for New York City and Northern New Jersey show the effect of the great volume of stock market speculation in these areas in the late 20's. Since in the end the transfer of practically every share of stock in any place in the United States is represented by at least one check transaction in this area, the New York index rose to unusual heights prior to the market collapse.

Indications of the Florida boom are seen in the peaks in Tampa, Miami, and Jacksonville, reached in the middle 20's. The New England cities on the whole have shown the least degree of recovery within the past year. Specialized industrial cities such as Detroit, Tulsa, and Duluth have experienced some of the most erratic changes.



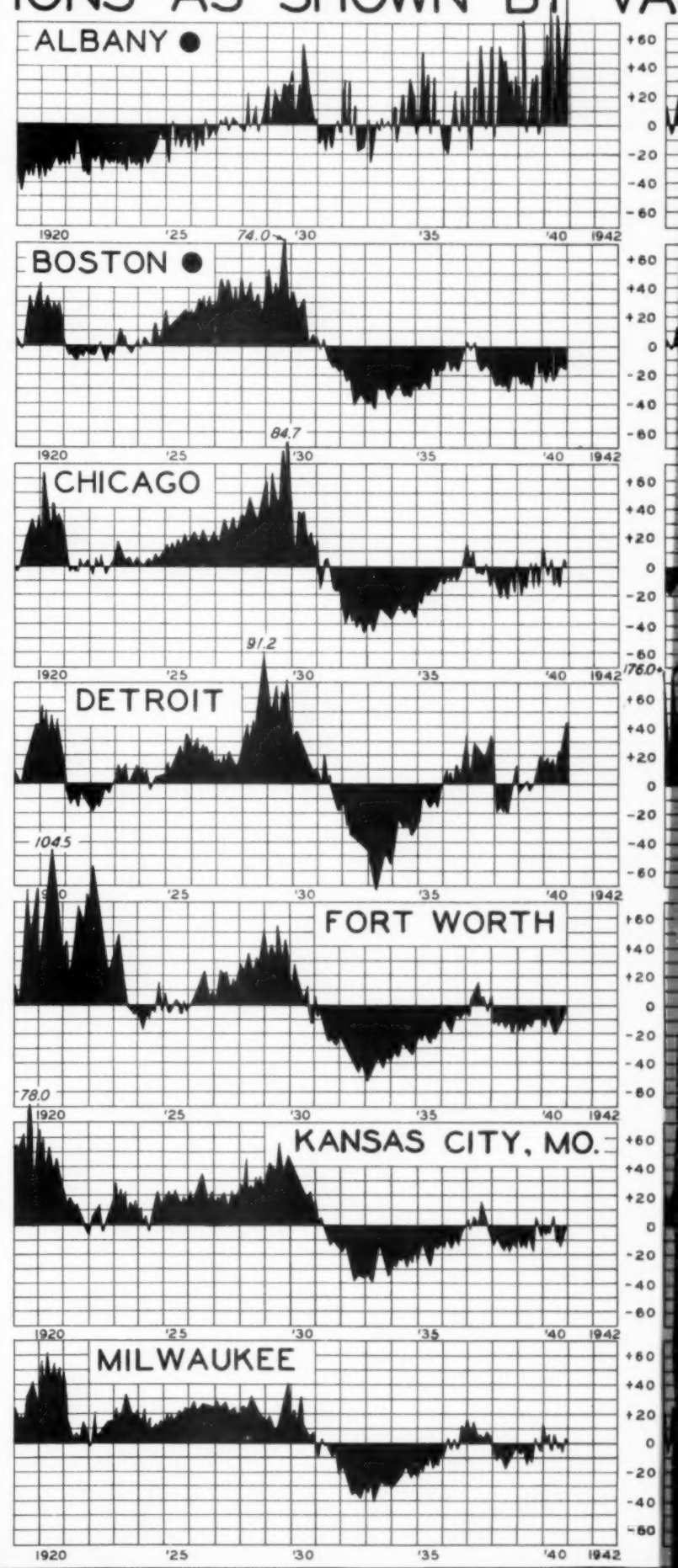
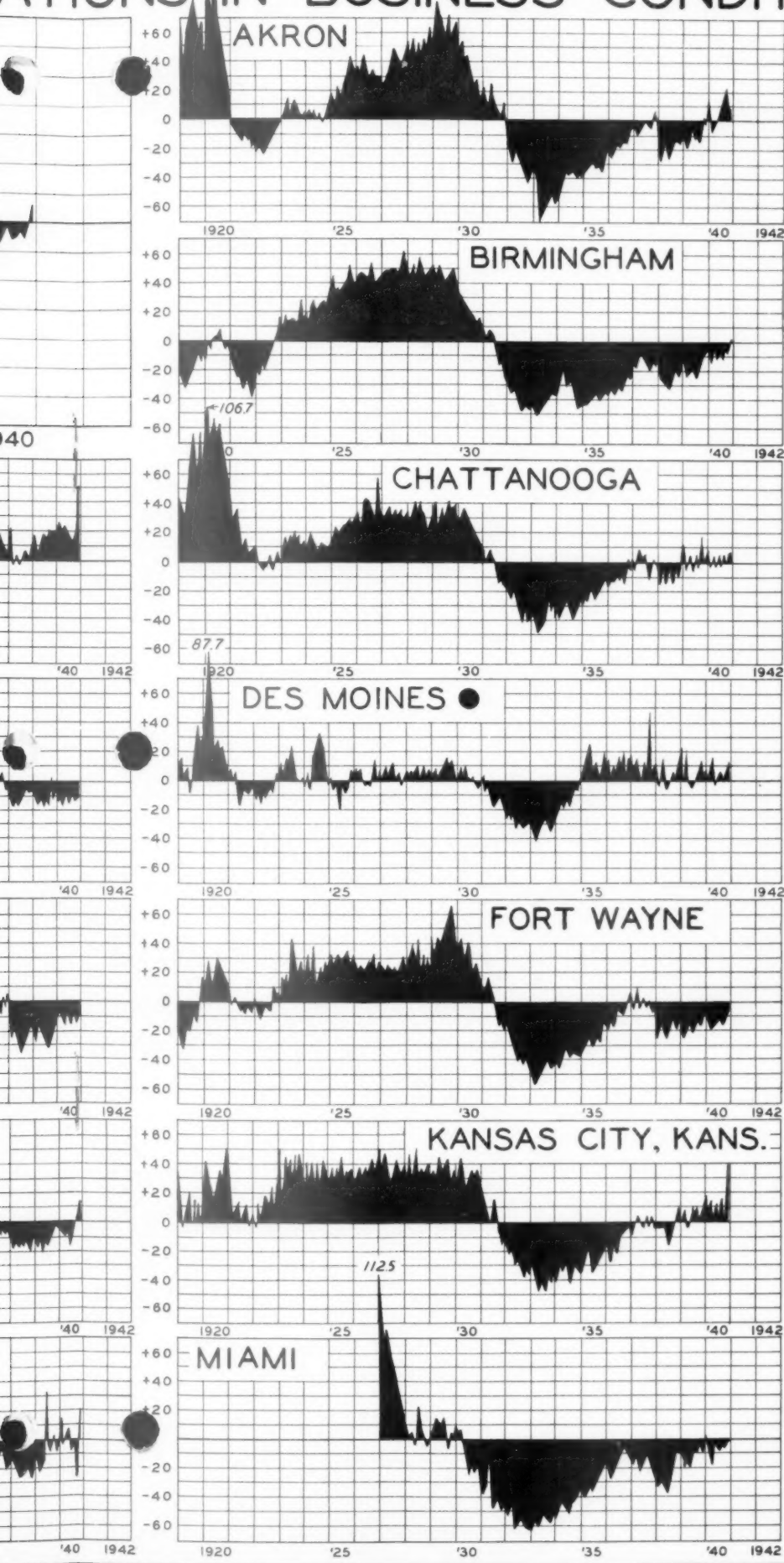
# FLUCTUATION



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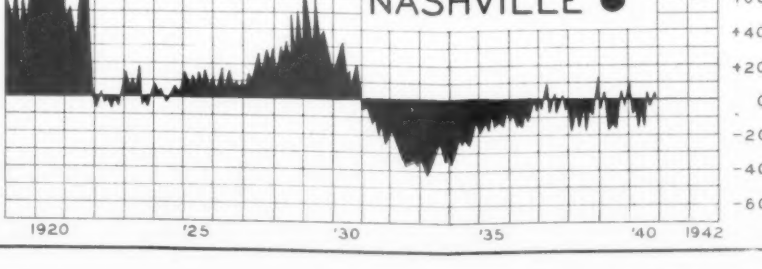
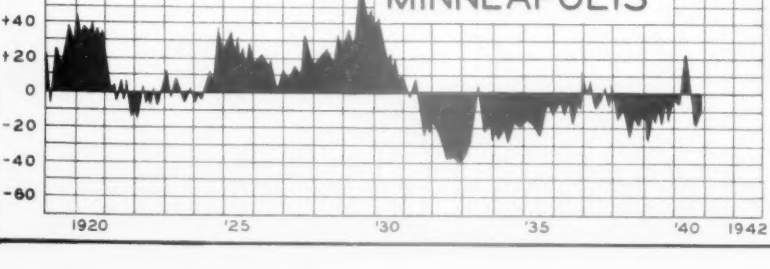
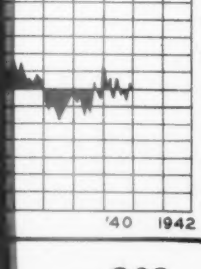
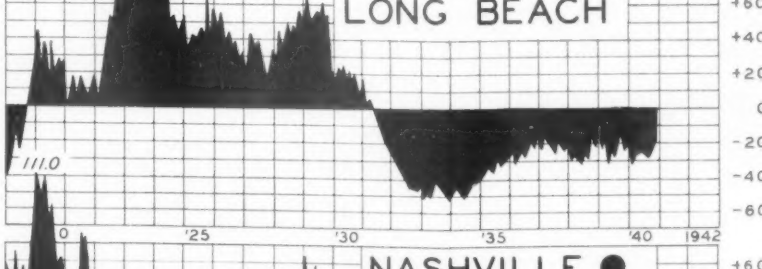
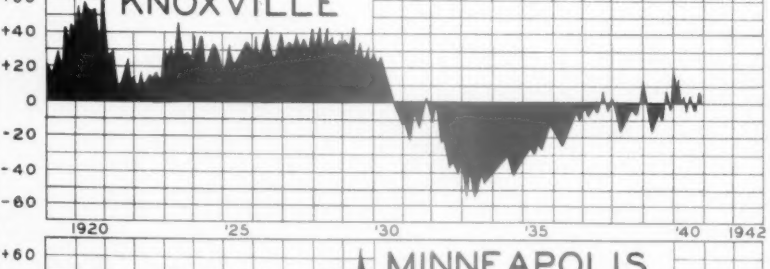
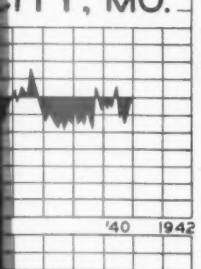
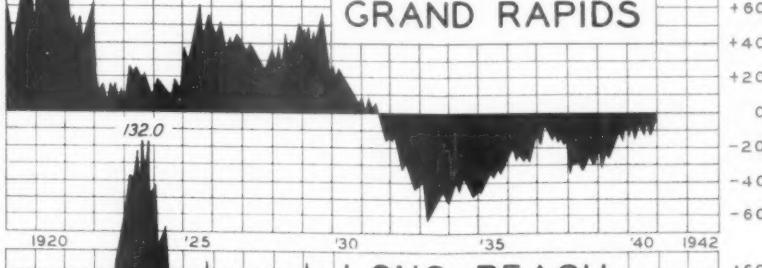
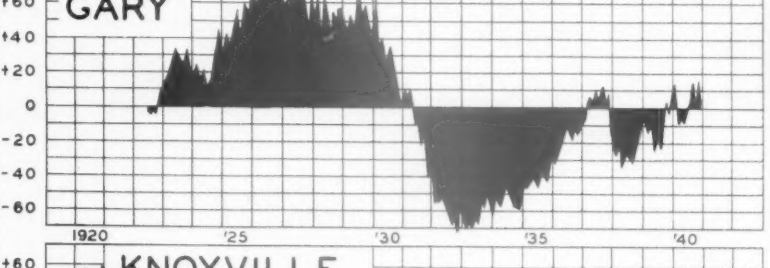
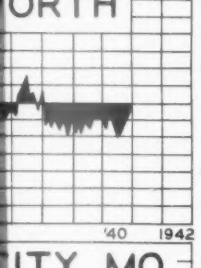
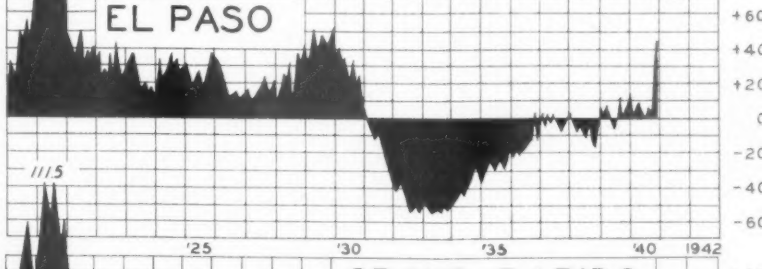
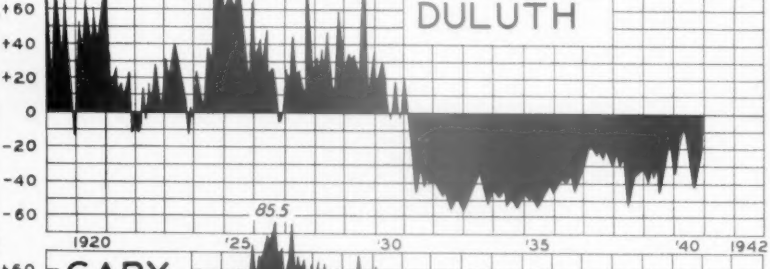
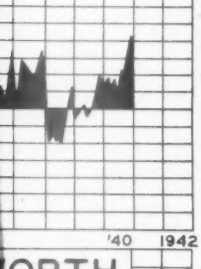
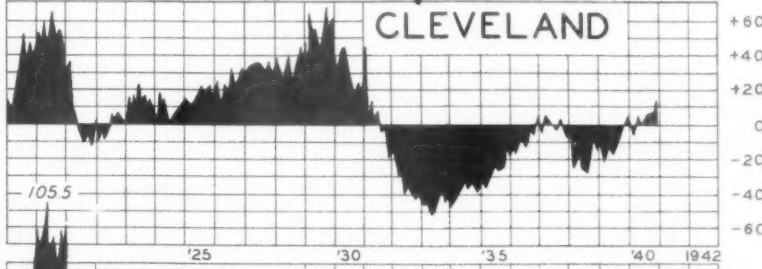
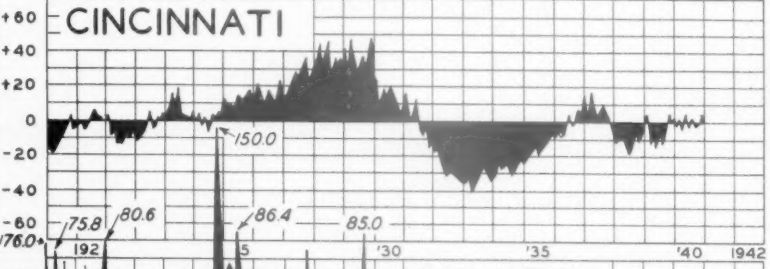
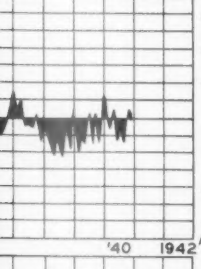
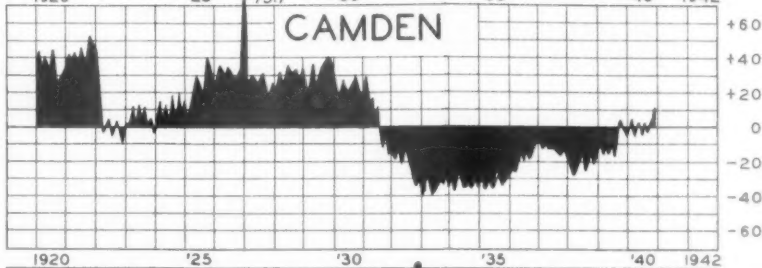
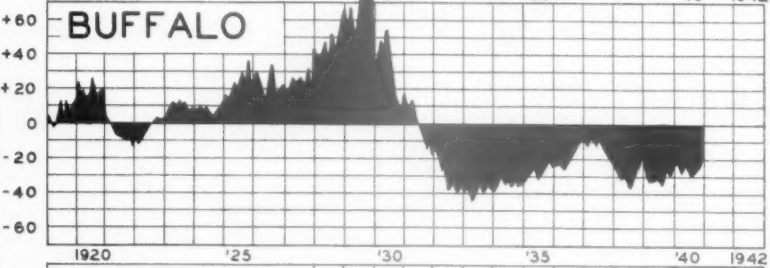
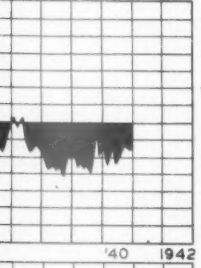
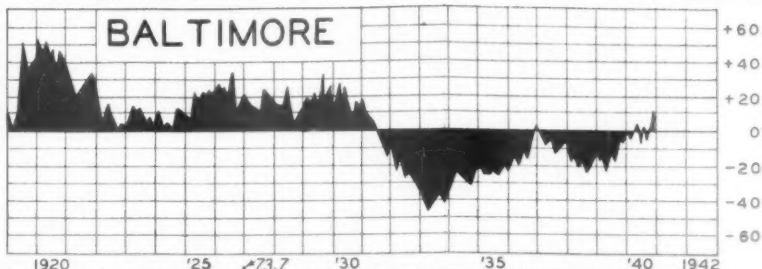
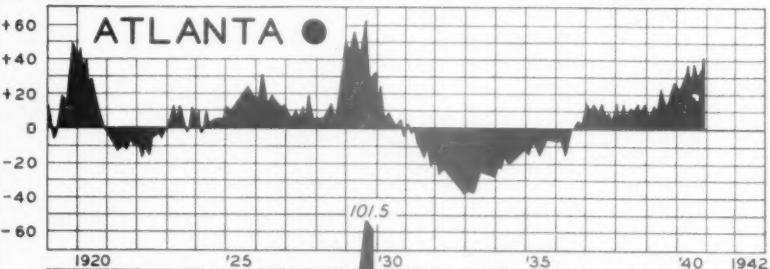
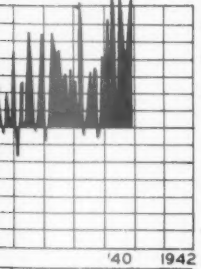
● STATE CAPITALS

# VARIATIONS IN BUSINESS CONDITIONS AS SHOWN BY VARIOUS

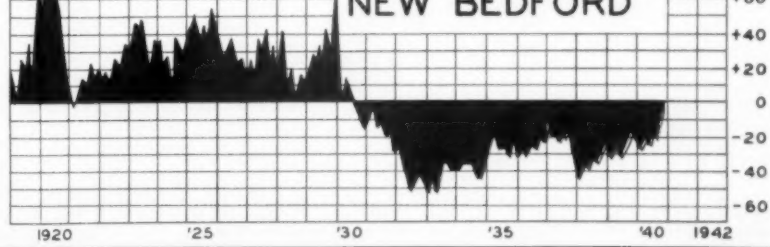
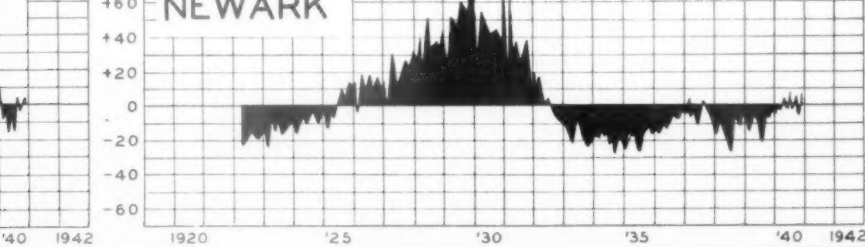
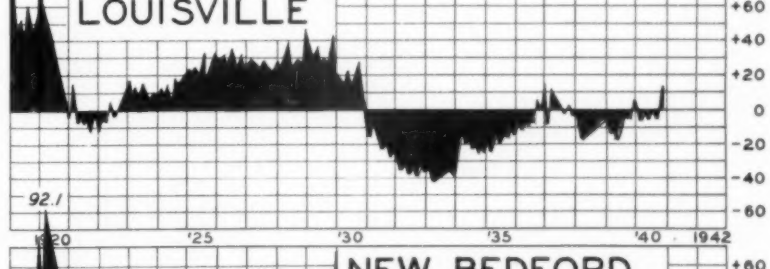
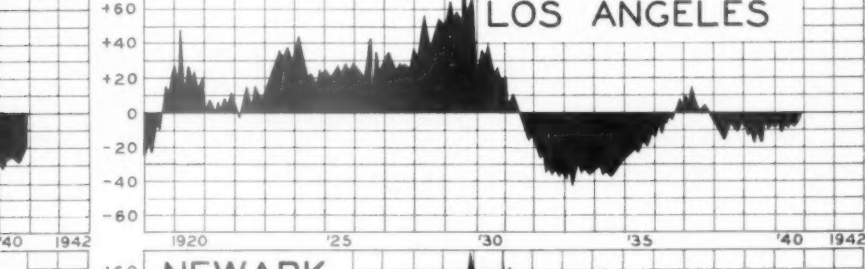
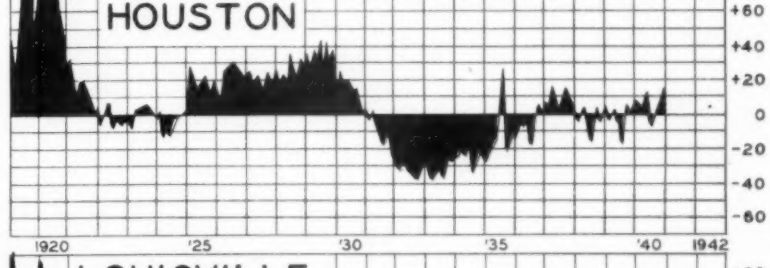
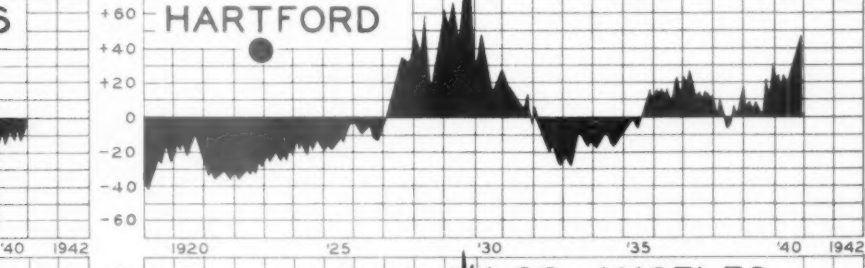
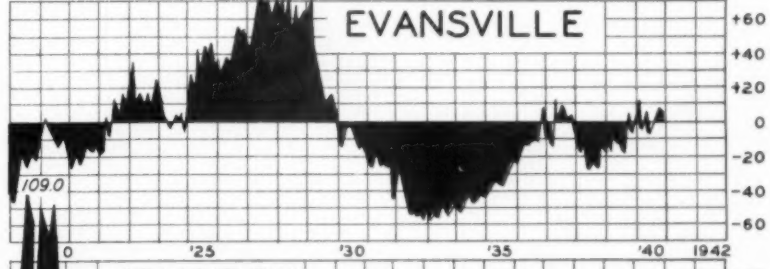
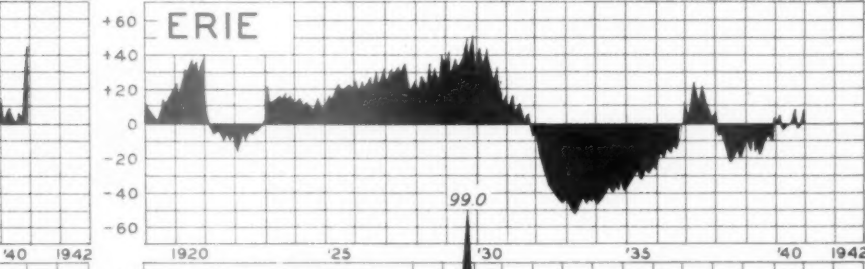
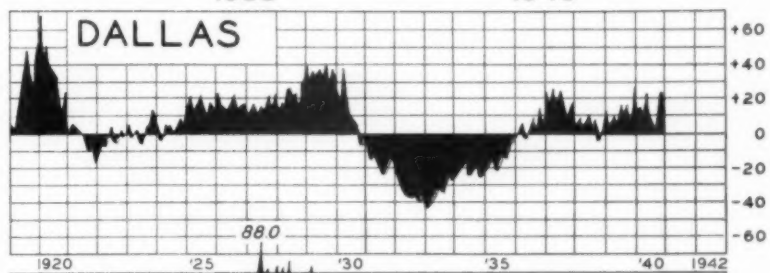
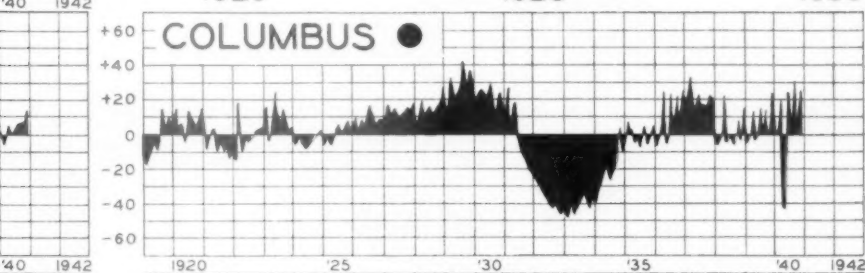
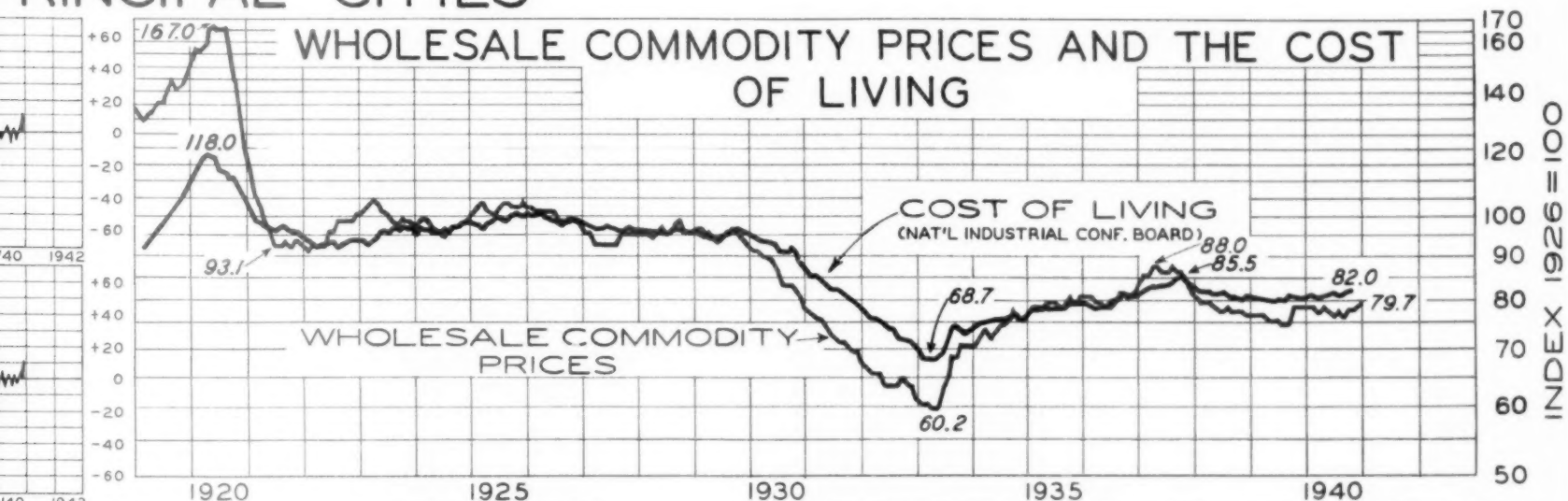




# BY VARIATIONS IN CHECK TRANSACTIONS IN PRINCIPAL CITIES

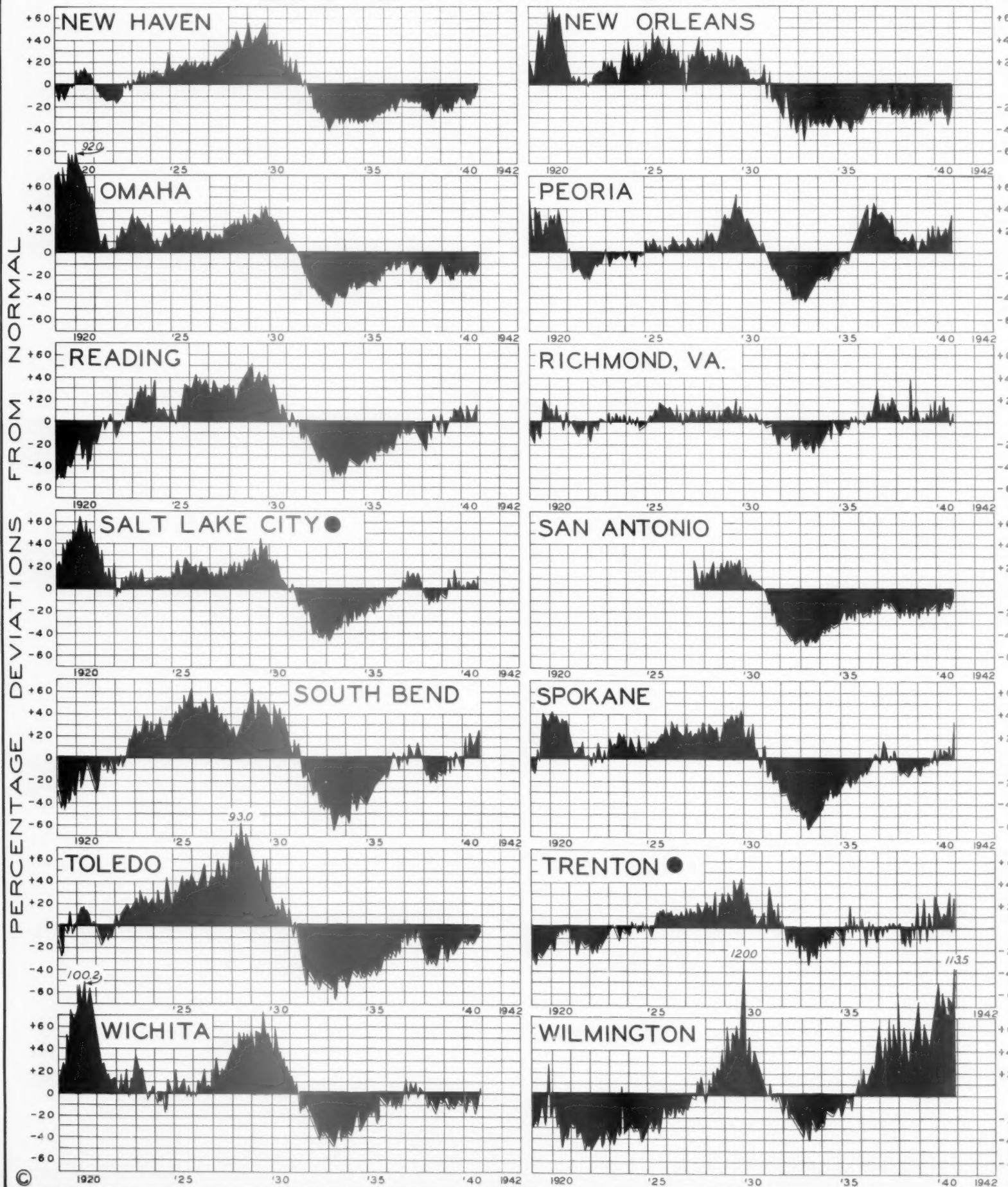


# PRINCIPAL CITIES





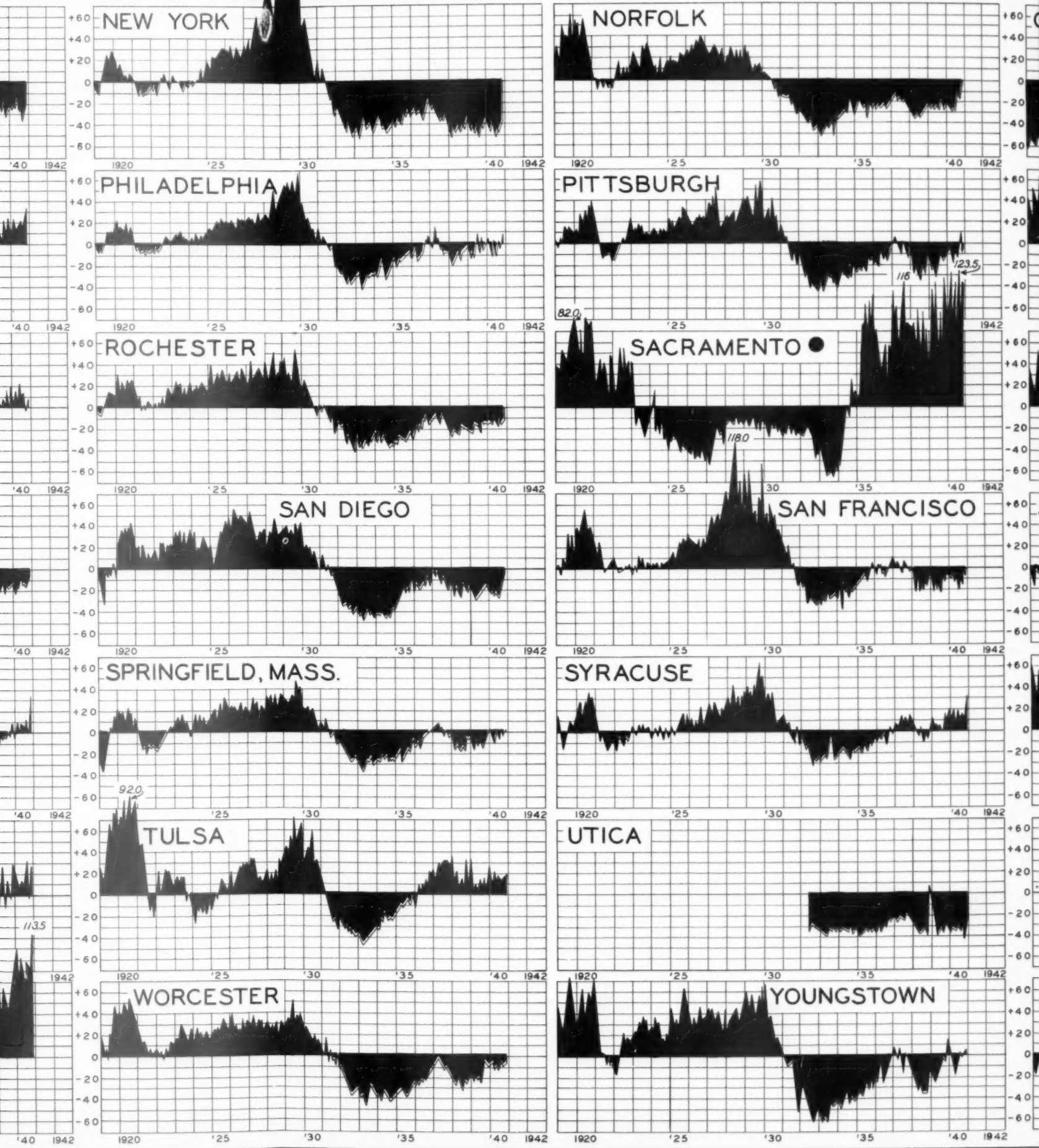
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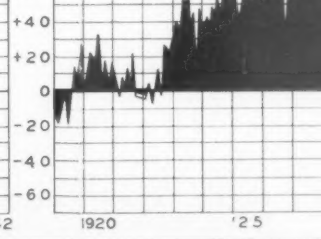
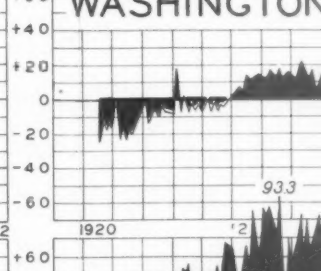
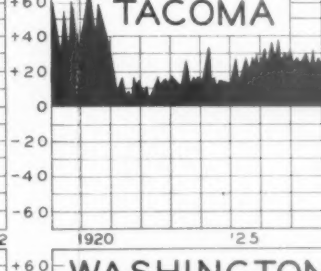
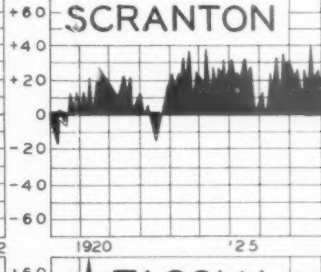
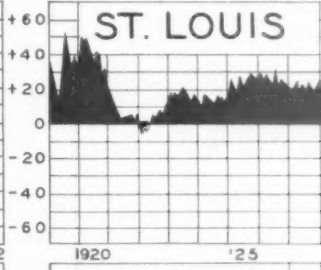
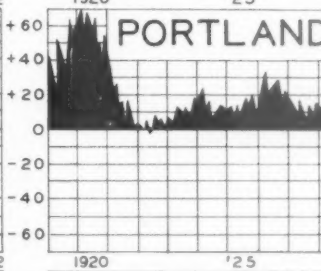
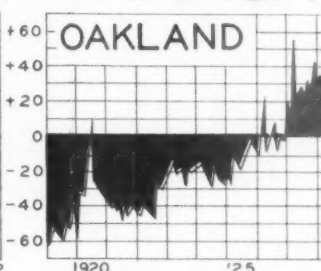
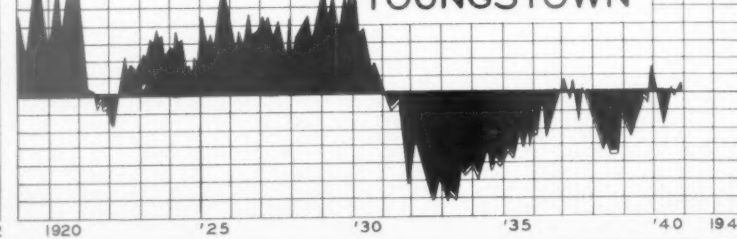
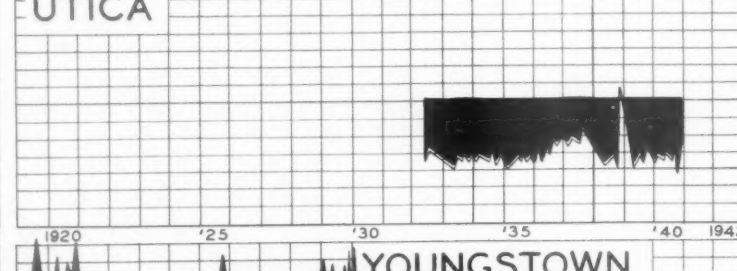
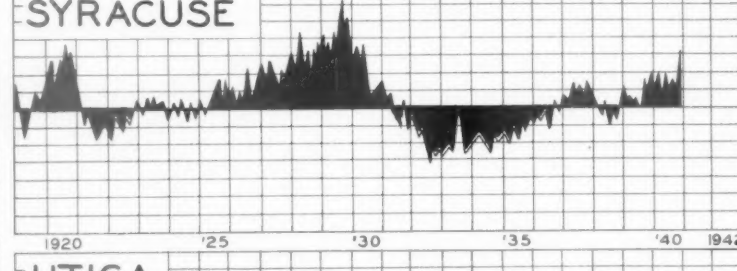
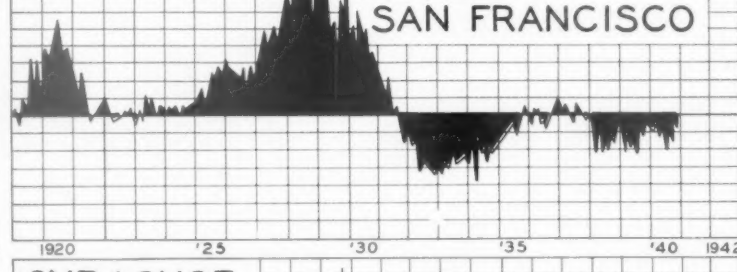
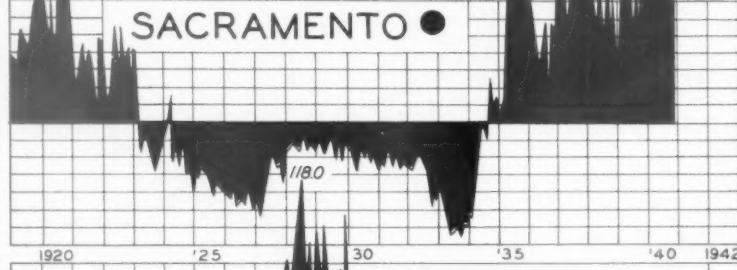
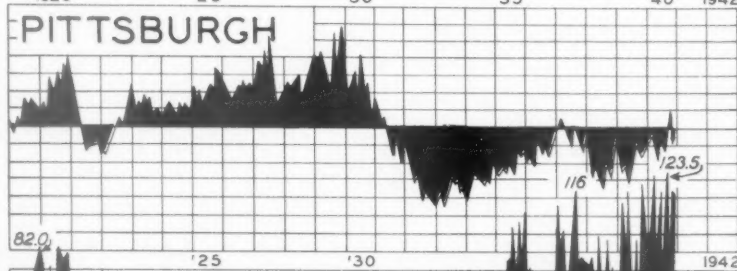
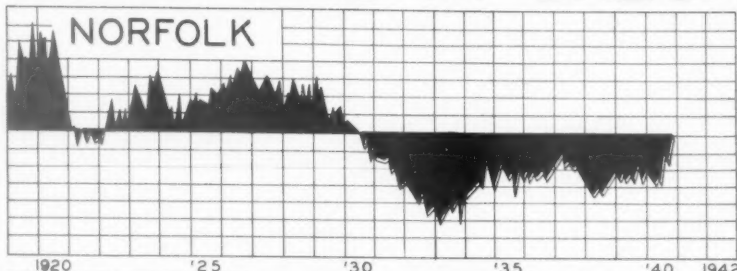
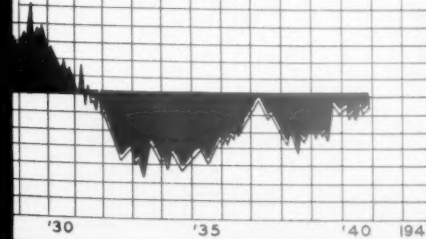
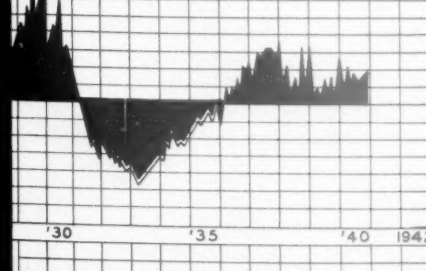
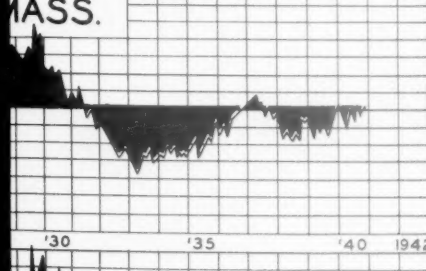
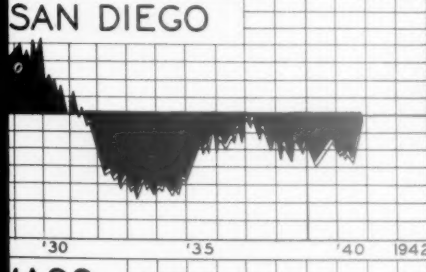
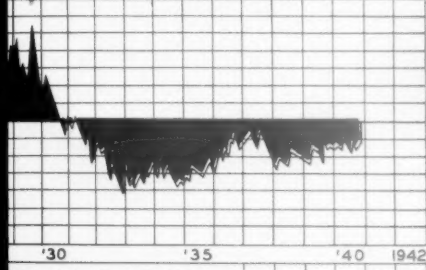
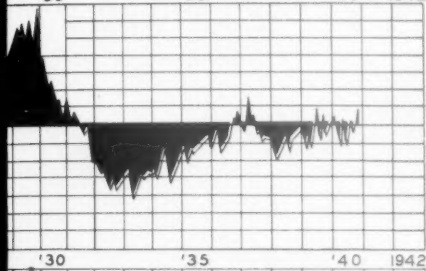
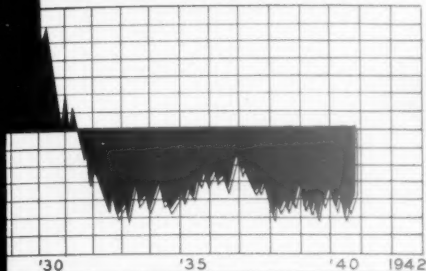
● STATE CAPITALS



# CONDITIONS AS SHOWN BY VARIATIONS IN CHECK

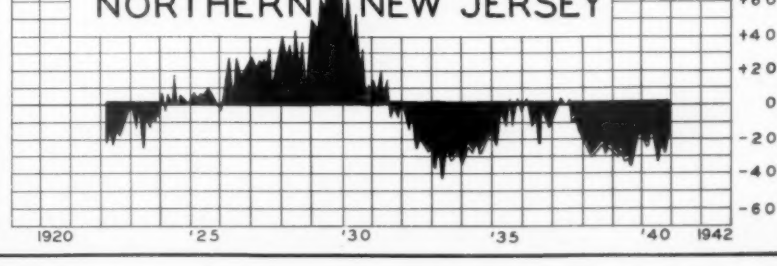
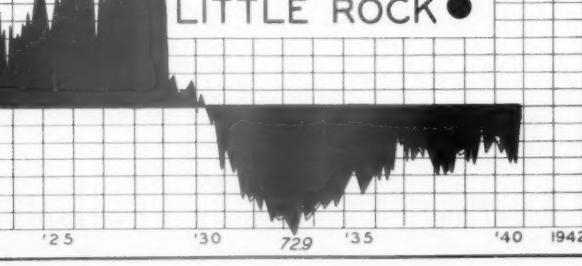
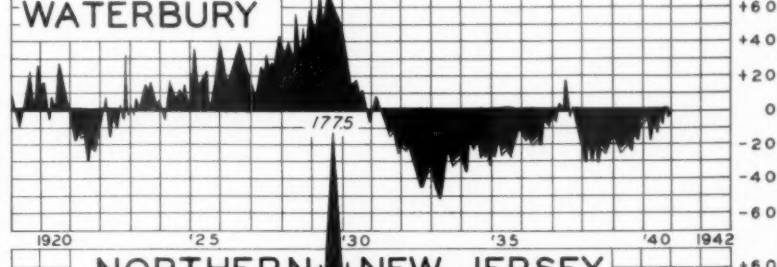
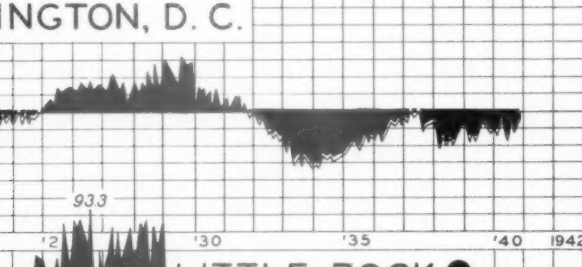
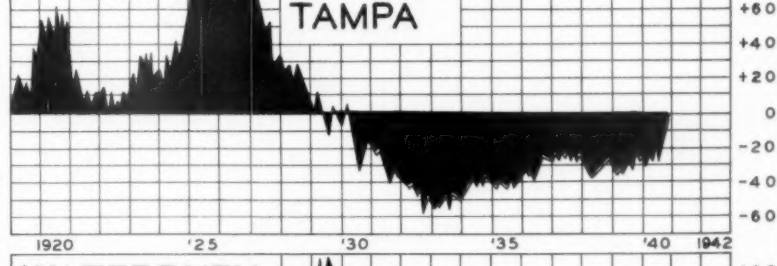
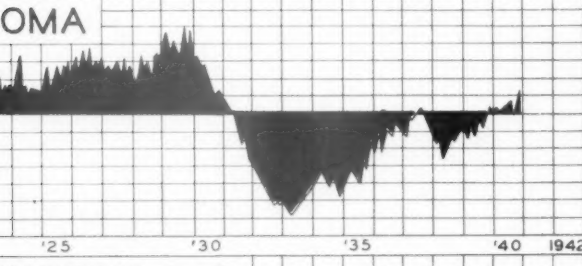
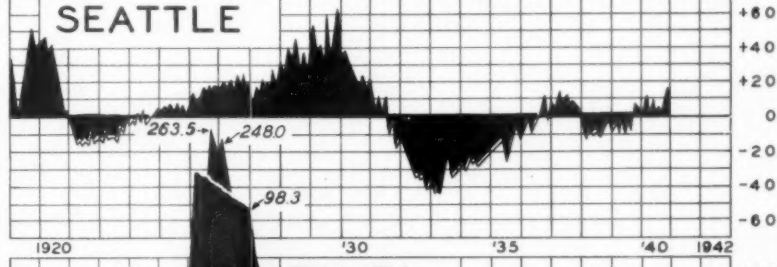
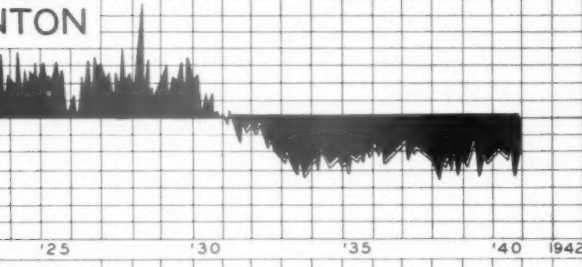
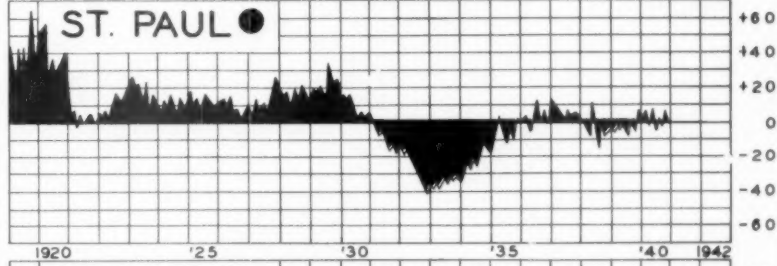
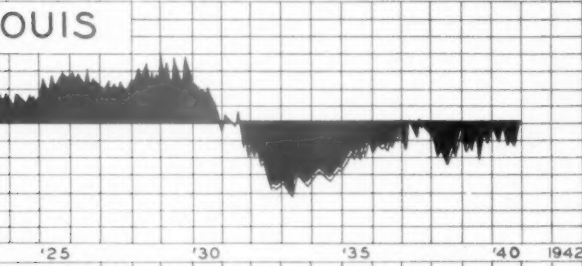
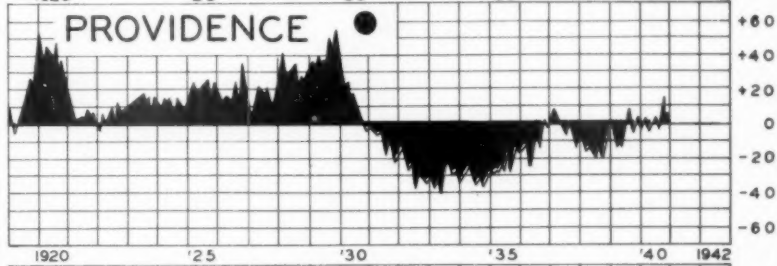
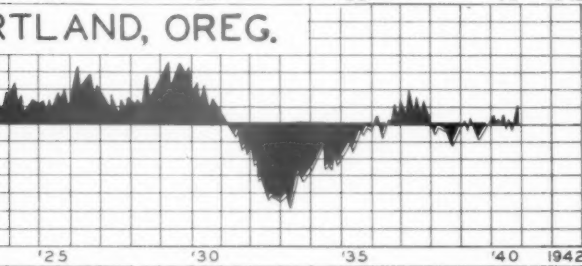
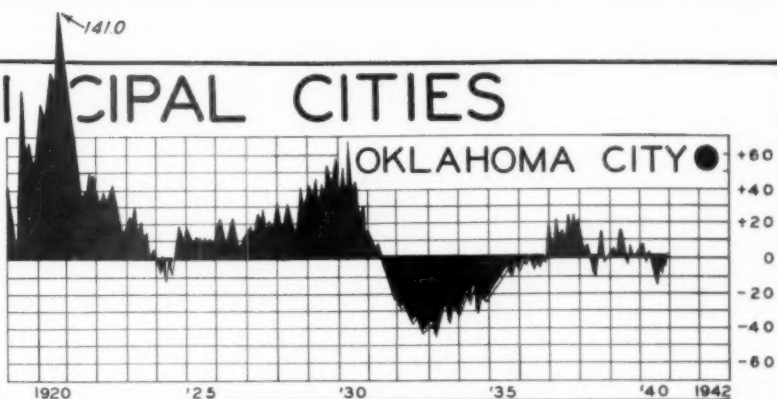
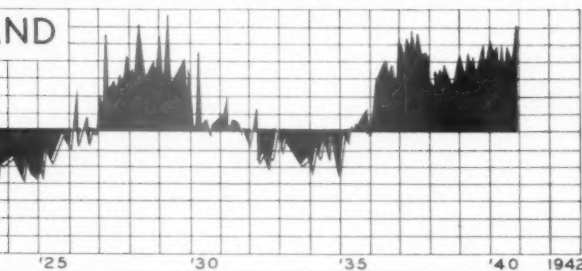


# SHOWN BY VARIATIONS IN CHECK TRANSA



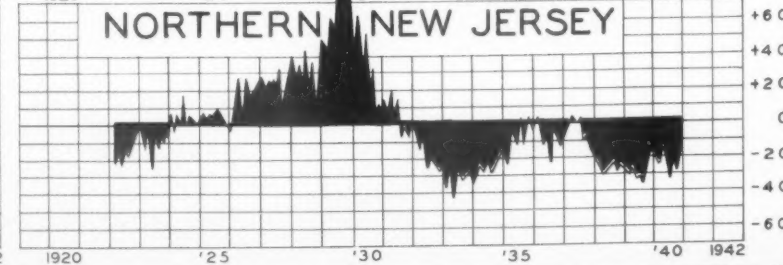
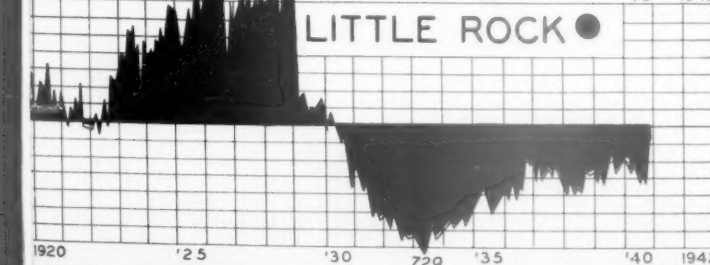
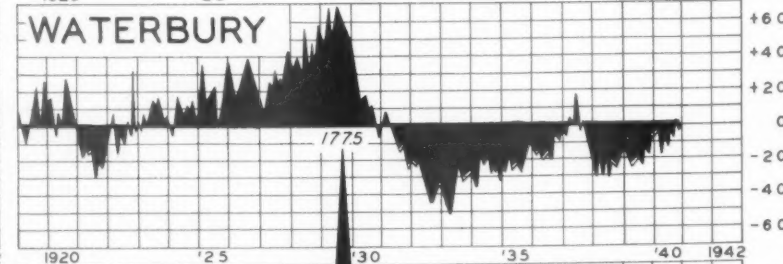
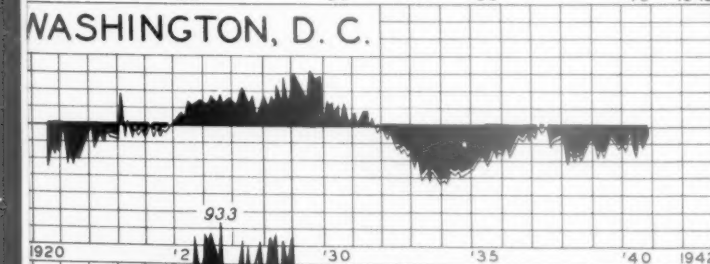
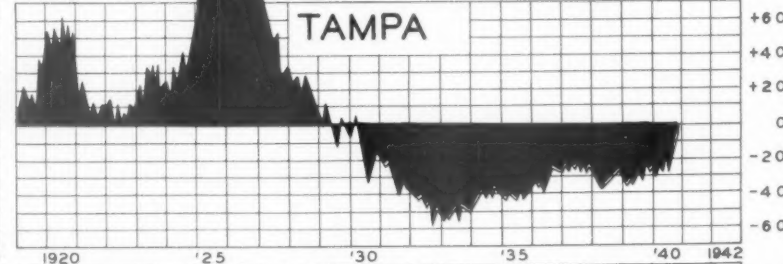
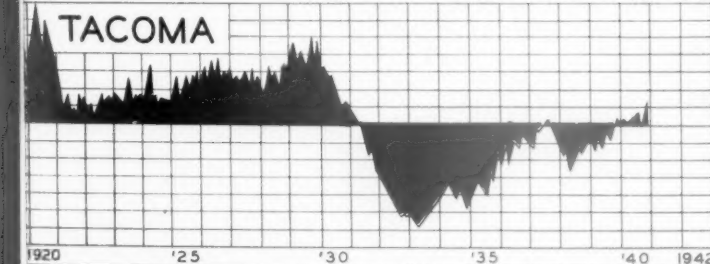
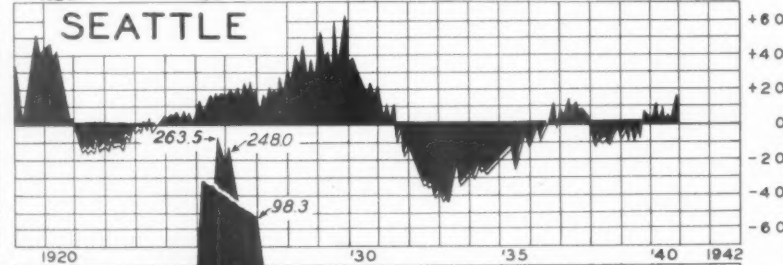
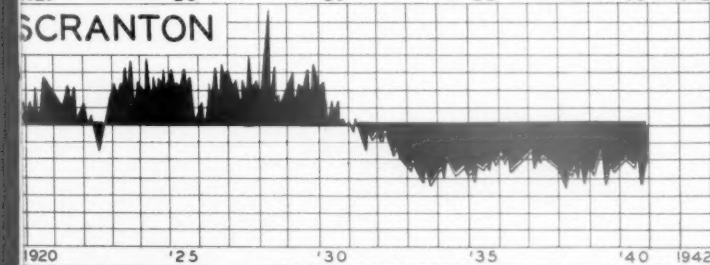
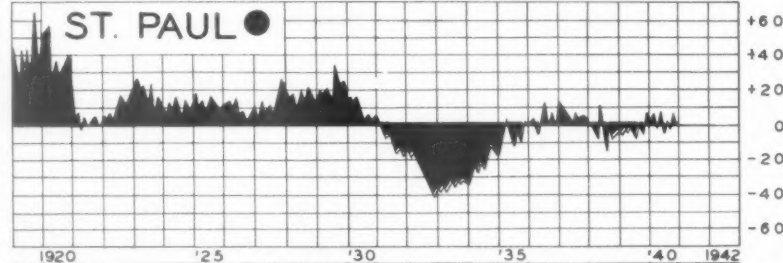
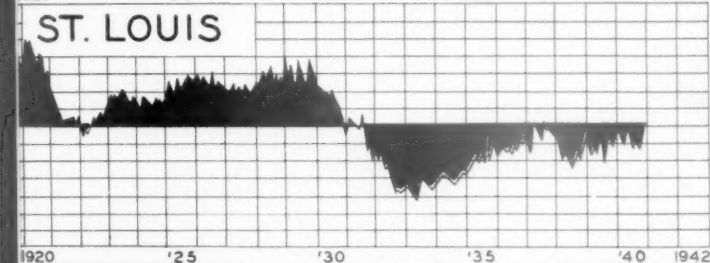
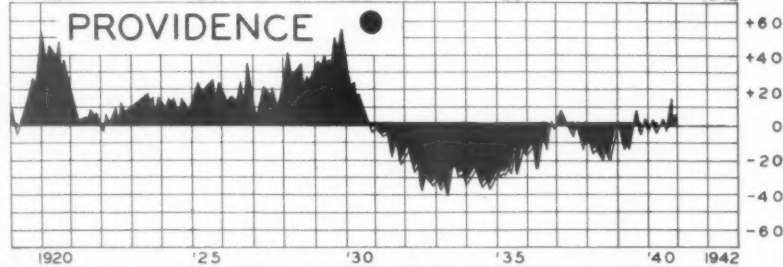
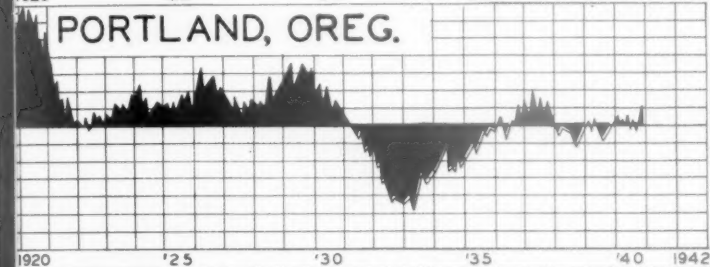
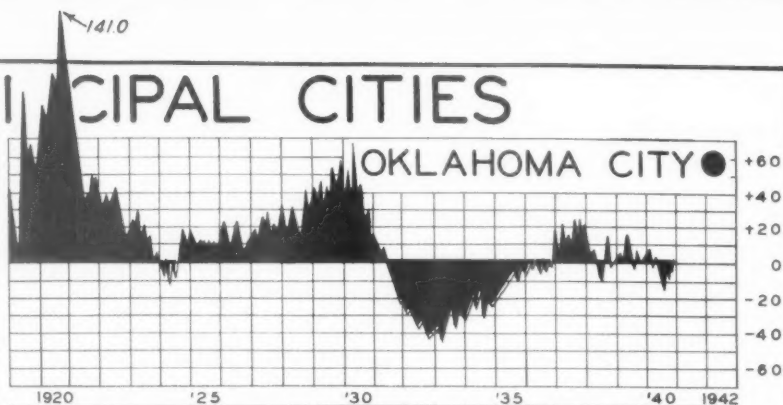
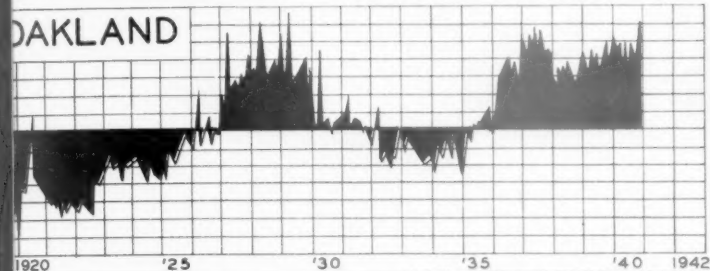


# TRANSACTIONS IN PRINCIPAL CITIES





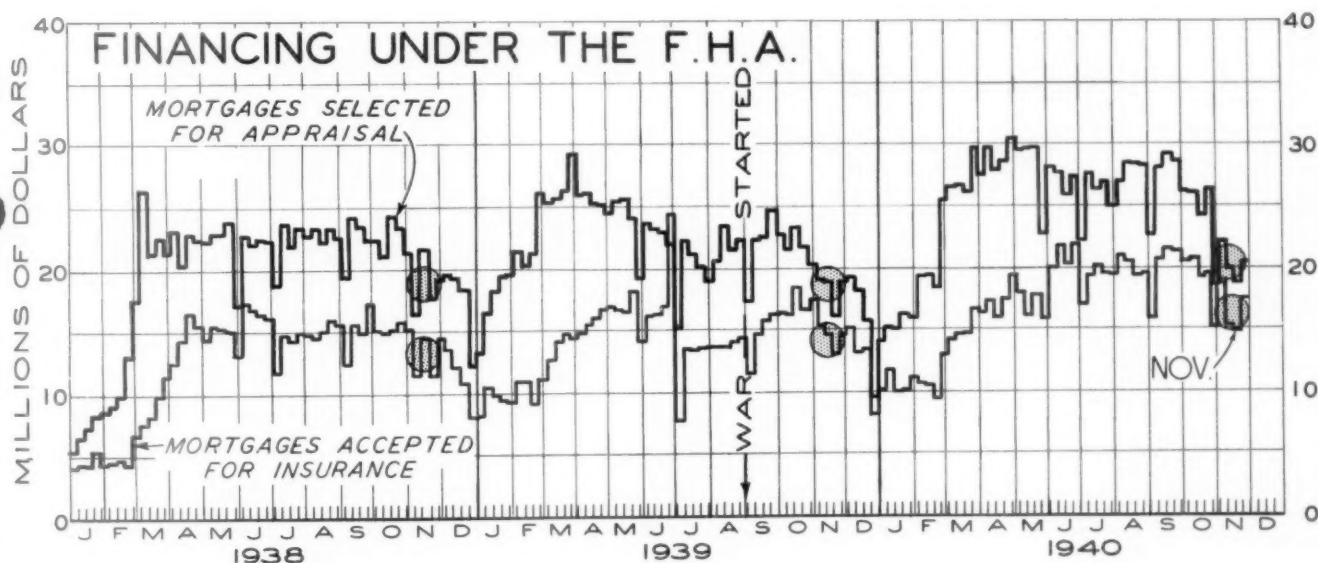
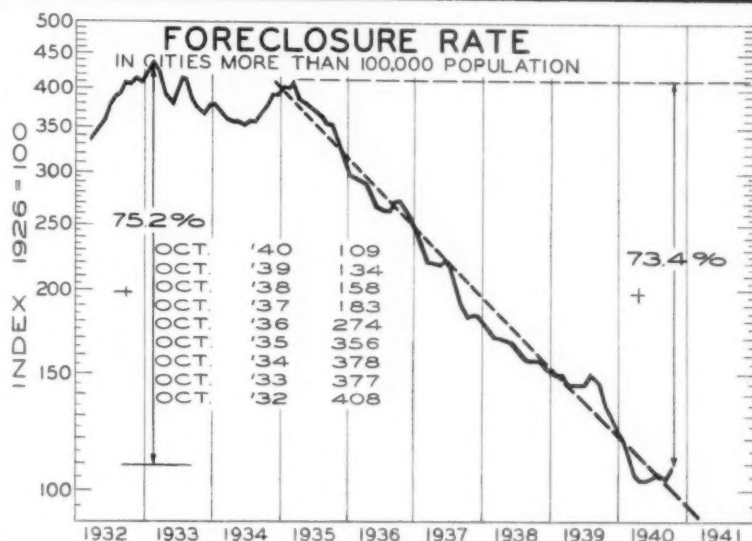
# TRANSACTIONS IN PRINCIPAL CITIES



URBAN foreclosures for October 1940, on a seasonally adjusted basis, showed a slight increase over September.

As long as foreclosures remain at approximately their present low level, as they have since early spring, there is no cause for alarm in a slight upward movement for a month or so. They have now reached such a low level that further sharp drops are improbable.

This chart is computed from basic figures that are gathered by the Home Owners' Loan Corporation from all cities of more than one hundred thousand population in the United States.



MORTGAGES selected for appraisal and accepted for insurance by the FHA in November declined from the October level by more than a seasonal amount. It is still too early to tell how great an obstacle increasing construction costs will be to private residential construction.

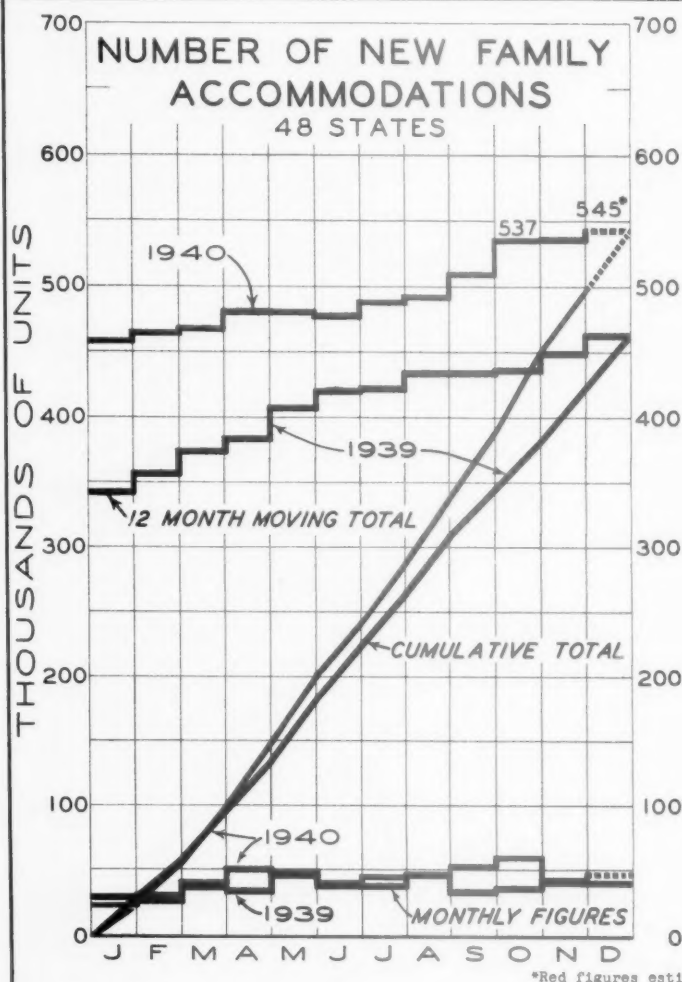
The tables below show comparisons with a year ago.

#### MORTGAGES SELECTED FOR APPRAISAL COMPARED WITH YEAR AGO

1939	1940											
Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
-4%	-13%	-9%	-2%	-6%	+21%	+18%	+11%	+42%	+24%	+27%	+16%	+13%

#### MORTGAGES ACCEPTED FOR INSURANCE COMPARED WITH YEAR AGO

+2%	+5%	+15%	+9%	+1%	+18%	+9%	+2%	+67%	+58%	+37%	+19%	+15%
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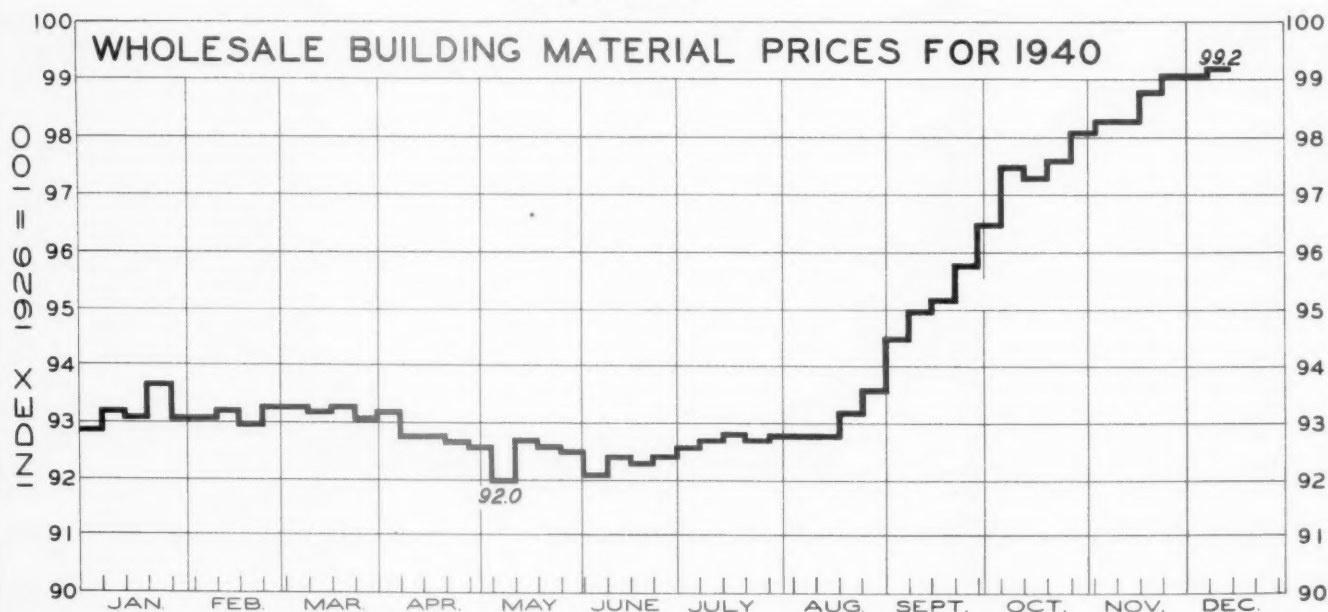


## NEW BUILDING

THE chart to the left shows the number of new family accommodations build during 1939 and 1940 in all non-farm communities of the forty-eight states and the District of Columbia. 1939 is shown in red, 1940 in black. The bottom lines show the monthly figures uncorrected for seasonal influences; the inclined lines, the cumulative totals from the first of the year; and the top lines, the twelve months' moving totals; viz., each point on the top lines represents the totals for the preceding twelve months. These top lines show trends

DWELLING UNITS CONSTRUCTED IN 48 STATES  
(in thousands of units)

	Monthly		Cumulative		12 Month Moving Total	
	1939	1940	1939	1940	1939	1940
January	30.1	25.7	30.1	25.7	345	461
February	29.2	33.7	59.3	59.4	359	465
March	39.4	42.0	98.7	101.4	375	468
April	36.6	51.1	135.3	152.5	386	482
May	49.6	49.1	184.9	201.6	409	482
June	40.6	38.8	225.5	240.4	422	480
July	38.1	48.9	263.6	289.3	423	491
August	46.2	49.4	309.8	338.7	435	494
September	35.7	53.0	345.5	391.7	435	511
October	36.1	62.4	381.6	454.1	439	537
November	42.5	42.7	424.1	496.8	450	538
December	40.9	42.8*	465.0	545*	465	545*



WHOLESALE building material prices are charted by weeks for 1940 in the chart above. This chart is based on the averages of the building materials on which the Bureau of Labor Statistics accumulates prices weekly.

It will be noticed that prices started rising in June and that these rises have been consistent from then on to this last week. The average of these prices is now 99.2% of their 1926 level.



